



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Planning Commission

SUBJECT: SEE BELOW

DATE: April 12, 2007

COUNCIL DISTRICT: #2
SNI AREA: N/A

SUBJECT: PDC 06-003. PLANNED DEVELOPMENT REZONING FROM THE IP (PD) PLANNED DEVELOPMENT ZONING DISTRICT TO THE A (PD) PLANNED DEVELOPMENT ZONING DISTRICT TO ALLOW THE DEMOLITION OF THE EXISTING INDUSTRIAL PARK BUILDINGS (BUILDINGS 025, 024, AND 030) AND ASSOCIATED SITE IMPROVMENTS, THE REMOVAL OF UP TO 385 TREES FROM THE SITE, AND THE CONSTRUCTION OF A NEW, APPROXIMATELY 204,000 SQUARE FOOT COMMERCIAL FACILITY (INCLUDING A RETAIL/ COMMERCIAL USE, WITH A SINGLE OCCUPANT GREATER THAN 100,000 SQUARE FEET (WITH A GARDEN CENTER), AND OTHER RETAIL/ COMMERCIAL USES), LOCATED AT THE NORTHEASTERLY CORNER OF COTTLE AND POUGHKEEPSIE ROADS.

RECOMMENDATION

The Planning Commission voted 6-0-1 (Platten, absent) to support staff's recommendation and recommend that the City Council deny the proposed project to allow the demolition of the existing industrial park buildings, including historic Building 025, the removal of up to 385 trees, and construction of approximately 204,000 square feet of commercial uses (including a retail/ commercial use, with a single occupant greater than 100,000 square feet) on a 17.52 gross-acre site.

OUTCOME

Should the City Council deny the Planned Development Rezoning as recommended by the Planning Commission, the demolition of the existing industrial park buildings, including historic IBM Building 025, the removal of up to 385 trees, and construction of approximately 204,000 square feet of commercial uses, including a home improvement store would not be allowed. Denial of the proposed project would preserve the historic IBM Building 025.

BACKGROUND

On April 11, 2007, the Planning Commission held a public hearing to consider a Planned Development Rezoning from the IP (PD) Planned Development Zoning District to the A (PD) Planned Development Zoning District to allow the demolition of the existing industrial park

buildings, including Historic IBM Buildings 025, removal of up to 385 trees from the site, and the construction of approximately 204,000 square feet of commercial uses, including a home improvement store greater than 100,000 square feet on a 17.52 gross-acre site. The Director of Planning recommended denial of the project to preserve the historic building.

Staff Presentations

Planning staff first made a presentation on the Environmental Impact Report (EIR) process, and on the EIR's major findings, and highlighted how the EIR discussion of the Project Alternatives had been expanded from the prior EIR to include review of multiple site plans retaining Building 025, as well as a review of other commercial acreage now available on the Hitachi and iStar project sites to the south which could provide alternate sites that would serve the same market. Staff commented this expansion in the Alternatives discussion was in response to public comment, and court rulings on the prior EIR, and that with this expanded information, staff believes the document is accurate and complete under CEQA.

Deputy Director Hamilton made a presentation on the staff recommendation for denial of the proposed Planned Development Rezoning. Staff stated the proposal would represent economic development in the area, and would generate between \$400,000 to \$500,000 in sales tax revenue per year, and that it would also result in additional tax increment accrued to the City's Redevelopment Agency. However, staff emphasized that the goal of the City's General Plan Urban Conservation/Preservation Major Strategy is to conserve irreplaceable assets that add character to the City's image and preserve a sense of community. Staff explained to the Commission that this significant historic resource, IBM Building 025, qualifies for the National Register of Historic Places under three criteria: 1) Events- Development of the flying head disk drive, 2) Association – Dr. Reynold Johnson and the IBM Research Team worked in the building, and 3) Architecture – IBM Building 025 is an exceptional example of California mid-century modern architecture, landscaping and artwork.

Staff stated that the City's two strategies of Economic Development and Urban Conservation/Preservation are not mutually exclusive on this site, and that large format retail could be viable on the site with preservation of the mid-century, modern IBM Building 025. Staff also noted the recently-approved Urban Transit Village project on the Hitachi campus site immediately to the south of this site, which included the preservation of IBM Buildings 09 and 011, and which will change the character of the area from a suburban land use pattern (one-story buildings with surface parking lots) to a more urban character (including multi-story, vertical mixed use). The Hitachi project together with the iStar project increased retail opportunities along Cottle Road and State Route 85. Staff indicated that sufficient opportunities appear to exist to support economic development of this type in the area, and that when a feasible project alternative consistent with both the City's economic development and historic preservation goals exists, preservation should not be traded for economic development. Staff commented that once a historic building is lost, San Jose residents and visitors are deprived of that link to understanding the history of San Jose forever.

Commissioner Zito asked staff for clarification on potential uses for IBM Building 025. Staff commented that it could be possible with a creative design solution, to use the structure as part of a home improvement center (i.e., connected to a design and garden center), office uses, or other commercial uses, and stated viable options for reuse of the structure do exist.

Public Testimony

The Commission took testimony on the Environmental Impact Report and the proposed Rezoning together.

Mark Stoner, representing the applicant, Lowe's, gave a brief project description, and indicated that the facility would create approximately 170 jobs, and stressed the retailer's record as a good corporate citizen. The project architect, Al Shaghaghi, continued the project presentation, and described the site constraints and project objectives that led to the site design of the project as proposed.

Megan Bellue, Director of the Preservation Action Council, commended staff for an 'incredible' job in including alternatives in the Environmental Impact Report (EIR) and on remedying inadequacies that were in the past EIR. She further highlighted California Environmental Quality Act (CEQA) regulations regarding the decisionmakers' need to select an environmentally-superior alternative, if feasible.

Ed Janke, Chair of the City's Historic Landmarks Commission (HLC), spoke to the pedigree of the building, and the reknown architecture of John Bolles, including this building and Candlestick Park, and commented "middle-aged buildings" are now falling into the historic building category and should be allowed to remain as the City grows in order to provide historic context.

William Garbett spoke regarding the change in use to retail of the iStar site to the south, and indicated that the trees on the proposed Lowe's site should remain and that IBM Building 025 should remain as a "home expo center".

Steve Polcyn, former Chair of the HLC, commented that the City of San Jose could decide to take a leadership position, that IBM Building 025 is a beacon for historical context, and that the old development style of a home improvement store in a "sea of parking" is outmoded and not a current planning standard. He indicated that San Jose has an opportunity for good planning by preserving IBM Building 025 and that the current project proposed by the applicant, in his opinion, was "poor planning".

Jim Zetterquist, former San Jose Historic Landmarks and Planning Commissioner, commended the staff report and commented that PAC SJ would be willing to work with anyone to look for other uses for the site incorporating IBM Building 025.

Jean Dresden spoke and recommended support for staff's position and explained that other bigger corporations like McDonald's had been willing to compromise, to adapt to other City policies, and to change their business model. She also indicated that alternative uses of the building were possible.

The applicant's attorney stated that Lowe's is not being inflexible, but that there are issues related to parking, and that costs of building rehabilitation and potential marketability make the different alternatives infeasible. Mr. Stoner stated that the "footprints" shown on the alternative site plans contained in the EIR do not represent standard Lowe's floor plan alternatives. He further commented that although Lowe's does use a smaller 94,000 square foot building format, that this

smaller store design is not used in the western United States, and could represent a second-rate store to residents in this area of San Jose.

Commissioner Kalra asked the applicant for clarification about Lowe's store variations, including any with rooftop parking. The Lowe's representative responded, detailing types of stores, and stated that in California, all of their stores are the larger-format stores. Commissioner Kalra indicated that he believed the customer base in San Jose would be large enough to support other formats, and the Lowe's representative responded that the question still remained about the viability of uses on the retail site if IBM Building 025 remained. The applicant continued that customers expect the larger footprint facilities. Commissioner Campos asked how many customers would be new to Lowe's, given the nearest store is in Gilroy, and the applicant responded approximately 90-95 % . Commissioner Campos followed up with the comment that perhaps the majority of customers to the proposed facility would not have any prior expectations and that it would be a new experience to shop at a Lowe's, and they wouldn't feel any merchandise was missing. The applicant stated that Lowe's has no desire to put a second-rate store at this location.

Commissioner Kamkar stated that he was disheartened that Lowe's didn't want to work with the historic community, and asked if the garden center could perhaps be removed (to require less parking), or relocated (to the other side of IBM Building 025), to create additional and more parking areas closer to the building, and more room to accommodate IBM Building 025. The applicant stated that the garden center was a major component in their California stores and could not be removed. He did not address the possibility of separating it from the main building and relocating it to another location on the site. Commissioner Kamkar again stated concern over the apparent inflexibility by Lowe's on site design.

No neighbors or members of the general public, other than the applicant or their consultants, spoke in support of the project.

The public hearing was then closed.

Commission Discussion

Joseph Horwedel, the Director of Planning, stressed that the EIR discussion was appropriate to be separated from the project and that staff believed the EIR to be adequate and to contain adequate alternatives. He noted the importance of tax dollars from the project, but emphasized staff's concern about preservation of this historic building, and stated he believes that commercial options exist on this site and that economic development is possible here. He also noted a Lowe's facility with rooftop parking in Framingham, Massachusetts, a non-urban suburb of Boston. The Deputy Director of Planning commented on the nature of rehabilitation costs, and stressed that if IBM Building 025 is not preserved, the City would not know whether alternatives would be possible. She also stressed the value of holding onto historic resources. The City's Historic Preservation Officer commented on assumptions in the costs report, and stated that use of the State Historic Building Code could provide for less expensive approaches to rehab IBM Building 025, and that a selective approach which did not replace all systems and all store fronts at once could also require less funding up front.

Staff commented on the changing character of the properties to the south of the subject site, and that a redesign of the site plan to reduce proposed setbacks from a suburban design solution to an urban

design could provide the ability to create additional parking on the site, which would better support a possible large format store facility and still preserve IBM Building 025. The Director of Planning also stated that recent approvals/changes to the Hitachi and iStar sites to the south of the project have resulted in additional sites to accommodate big-box retail uses which were not available when Lowe's was last before the Commission.

Commissioner Zito applauded the success of the Lowe's stores and noted that Lowe's marketing and advertising speaks to working creatively on home improvements and that that message to be adaptable and creative should be applied to this situation. He added that the same parameters as their advertising (i.e., creativity and flexibility) needed to be shown in the project design. Several of the other Commissioners concurred with Commissioner Zito on this issue.

Commissioner Kalra made a motion to deny the project as recommended by staff, and commended staff for work on both the EIR and on the report for the proposed rezoning. He also commented that it would be good to have a Lowe's facility in South San Jose, that the Hitachi/ Santa Teresa Transit Village Project would bring more retail into the area, and that without PAC SJ, IBM Building 025 would not still be here to preserve. He emphasized the importance of IBM Building 025 as a historical resource for the community, and Silicon Valley.

Commissioner Jensen also commended the staff for their good work on both the EIR and the staff report on the proposed project, and suggested that this was a tremendous opportunity for Lowe's to work with PAC SJ to find a better user/ mix of uses on the site, and that a design of large one-story, big-box stores in a sea of parking is outmoded, and that the City should not accept outmoded thinking. She also noted that Lowe's should think outside the box and that 2-story stores, roof-top parking, and other creative options are becoming more the norm in the urban world, and could be used successfully on this site. She also indicated to the applicant that the statement of "that's how we have always done it" is not good enough, and more flexibility and creativity are warranted.

The Commission then voted 6-0-1, Commissioner Platten absent, to support staff's recommendation and recommend denial of the proposed rezoning to preserve IBM Building 025.

ANALYSIS

See original staff report and exhibits.

POLICY ALTERNATIVES

Not applicable.

PUBLIC OUTREACH/INTEREST

- ☐ **Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- ☐ **Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**

- ☐ **Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

Although this item does not meet any of the above criteria, staff followed Council Policy 6-30; Public Outreach Policy. A notice of the public hearing was distributed to the owners and tenants of all properties located within 1,000 feet of the project site and posted on the City website. The rezoning was also published in a local newspaper, the Post Record. This staff report is also posted on the City's website. Staff has been available to respond to questions from the public.

COORDINATION

This project was coordinated with the Department of Public Works, Transportation, Fire Department, Police Department, Environmental Services Department and the City Attorney.

FISCAL/POLICY ALIGNMENT

Not applicable

COST SUMMARY/IMPLICATIONS

Not applicable.

BUDGET REFERENCE

Not applicable.

CEQA

CEQA: Environmental Impact Report, Resolution No. _____ (Pending).

JOSEPH HORWEDEL, SECRETARY
Planning Commission

For questions please contact Susan Walton at 408-535-7800.

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